



U.S. Department of Housing and Urban  
Development

Office of Public and Indian Housing

---

Special Attention of:

Notice PIH 98-3 (HA)

Directors, Offices of Public Housing;  
Administrators, Offices of Native  
American Programs; Section 8  
Public Housing Agencies and  
Indian Housing Authorities

Issued: January 16, 1998

Expires: January 31, 1999

---

**Subject:** Recapture of Section 8 Program Reserves

1. **Purpose:** This Notice provides guidance to public housing agencies and HUD staff on the process used to recapture excess Section 8 program reserves.
2. **Applicability:** The recapture of excess program reserves is applicable to the Rental Certificate and Rental Voucher programs. Only housing agencies (HAs) determined to have excess program reserves are affected by this process. The recapture is not applicable to the Moderate Rehabilitation Program or Single Room Occupancy Program.
3. **Background:** Public Law 105-18 which was enacted into law by the President of the United States on June 12, 1997, instructed the Secretary of the Department of Housing and Urban Development to recapture **\$5,800,000,000** in Section 8 program reserves for the Rental Certificate and Rental Voucher programs. These funds were recaptured to provide funding for disaster relief activities from the spring floods and to establish a fund account for future Section 8 contract renewals.
4. **Process:** The formula used to determine excess program reserves is below:
  - A. Actual HA per unit cost\* multiplied by number of months to contract expiration for each increment, inflated by 2.5% per year, multiplied by the number of units under contract.
  - B. Total of projected costs for each increment as calculated in "A" equals HA's future funding requirements.
  - C. Available Budget Authority equal budget authority for the current and future years plus the amount of program reserves available at the end of the last closed year.

Available budget authority + reserves  
(-) HA Funding Requirements

(=) Excess budget authority

D. Excess budget authority was compared to actual HA program reserves. The amount recaptured was the lesser of excess budget authority or actual reserves subtracting a reserve threshold equal to two months of current disbursements.

**5. Notification to Housing Agencies:** The State or Area office will provide a notification letter to HAs identifying the exact amount of the recapture by program and the appropriate adjustments to the accounting records.

**6. Contact:** Questions should be addressed to Mary C. Conway, Director, Section 8 Finance Division.

\*Cost per unit is determined by dividing the unit months under lease into the HUD adjusted contributions required. Both items are reported by the HA on the HUD-52681.

/s/  
Kevin Emanuel Marchman,  
Assistant Secretary for  
Public and Indian Housing